AMENDMENTS TO *POLICY STATEMENT TO REGULATION 44-101 RESPECTING SHORT FORM PROSPECTUS DISTRIBUTIONS*

1. Section 1.7 of *Policy Statement to Regulation 44-101 respecting Short Form Prospectus Distributions* is amended by replacing paragraph (5) with the following:

"(5) **Successor Issuer** – A successor issuer is defined to include a reverse takeover acquiree in a completed reverse takeover. Alternatively, the definition of "successor issuer" requires that the issuer was formed "as a result of a restructuring transaction" or that the issuer participate in the restructuring transaction and continue to exist following completion of the restructuring transaction. In both instances, prospectus level disclosure or comparable disclosure prescribed by the TSX Venture Exchange for such issuer must be provided in an information circular or similar disclosure document pursuant to subsections 2.7(2) and (3) of the Regulation.

In the case of an amalgamation, the amalgamated corporation is regarded by the securities regulatory authorities as having been formed "as a result of a restructuring transaction".

The definition of "successor issuer" also contains an exclusion applicable to divestitures. For example, an issuer may carry out a restructuring transaction that results in the distribution to securityholders of a portion of its business or the transfer of a portion of its business to another issuer. In that case, the entity that carries on the portion of the business that was "spun-off" is not a successor issuer within the meaning of the definition.

However, if the divestiture represents a divestiture of substantially all of the business of the predecessor entity to the issuer, the issuer would be considered a successor issuer. In such circumstances, the financial information concerning the predecessor entity should be representative of the financial information of the successor issuer. Therefore, if an issuer is relying on this basis for short form prospectus qualification, it must ensure that the financial statements of the predecessor entity are a relevant, accurate proxy for its financial statements as a successor issuer.

An issuer may also be considered a successor issuer to a second issuer where there has been an internal reorganization of the second issuer, provided that the conditions in paragraph (b) of the definition of "successor issuer" are met. In particular, the internal reorganization must not result in an alteration of the securityholders' proportionate interest in the second issuer nor the second issuer's proportionate interest in its assets. For example, this may arise in an internal reorganization in which all of the securityholders of the second issuer exchange their securities in the second issuer for securities of the successor issuer. The second issuer would become a subsidiary of the successor issuer and its ownership in its assets would remain the same. The successor issuer definition was expanded to include this type of internal reorganization as it may not be considered a "restructuring transaction" as defined in *Regulation 51-102 respecting Continuous Disclosure Obligations* by virtue of the exclusion found at the end of the definition of "restructuring transaction".".

2. Section 2.1 of the Policy Statement is amended:

(1) by deleting, in paragraph (1), the words "and, in Québec, disclosure of material facts likely to affect the value or the market price of the securities to be distributed";

(2) by replacing, wherever they occur in the French text of paragraph (2), the words "émetteur issu d'une opération de restructuration" with the words "émetteur absorbent".

3. The Policy Statement is amended by inserting, after section 3.2, the following:

"**3.2.1 Personal information forms**

(1) If issuers are relying upon a previously delivered personal information form or predecessor personal information form pursuant to subsections 4.1(2) or 4.1(3) of the Regulation, issuers are reminded of paragraphs 4.1(2)(b) and 4.1(3)(b), which require that the responses to certain questions in the form must still be correct. Accordingly, in order to meet these requirements issuers should obtain appropriate confirmations from the individual concerned.

(2) Paragraph 4.1(2)(c) of the Regulation requires that in certain circumstances an issuer deliver a copy of a previously delivered personal information form, or "alternative information that is satisfactory to the regulator or, in Québec, the securities regulatory authority". Our interpretation of what would potentially be alternative information that is satisfactory to the regulator or, in Québec, the securities regulatory authority is, with respect to the previous delivery of an individual's personal information form, the System for Electronic Document Analysis and Retrieval (SEDAR) project number and name of issuer. In most cases this information will be sufficient. Staff will contact issuers in cases where it is not. Issuers wishing to proceed in this manner should provide the information in the cover letter for the preliminary short form prospectus.

(3) If an issuer is delivering a copy of a previously delivered personal information form pursuant to paragraph 4.1(2)(c) of the Regulation, the issuer should deliver it as a personal information form on SEDAR, in the same way that a new personal information form would be delivered.".

4. The Policy Statement is amended by inserting, after section 3.4, the following:

"**3.4.1. Special meeting information circular**

Subsection 11.1(3) of Form 44-101F1 sets out certain circumstances where an issuer is not required to incorporate by reference into its prospectus a report, valuation, statement or opinion of an expert that is indirectly incorporated by reference into its prospectus through the incorporation by reference of an information circular prepared for a special meeting of the issuer. A special meeting information circular often relates to a restructuring transaction of an issuer or other special business of the issuer. In these circumstances, the issuer or its board of directors may engage an expert to provide an opinion that is specific to the business that will be considered at the special meeting of securityholders. For example, the board may retain a person or company to provide a fairness opinion which would assist the board in determining whether to recommend the approval of the proposed transaction to its securityholders. Similarly, the issuer may include a tax opinion in the information circular to illustrate the tax consequences of the proposed transaction to its securityholders. Pursuant to subsection 11.1(3), we would not require the incorporation by reference of these particular opinions, provided that these opinions were prepared in respect of the specific transaction contemplated in the information circular and this transaction has been completed or abandoned prior to the filing of the prospectus.".

5. The Policy Statement is amended by adding, after section 3.9, the following:

"**3.10. No Minimum Offering Amount**

Issuers distributing securities on a best efforts basis that have not specified a minimum offering amount in their prospectus, should refer to section 2.2.1 and subsection 4.3(3) of the *Policy Statement to Regulation 41-101 respecting General Prospectus Requirements* for further guidance.".